

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1161-01
Bill No.: HB 271
Subject: Military Affairs; State Departments; State Employees
Type: Original
Date: February 10, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	\$0 to (Could Exceed \$100,000)	\$0 to (Could Exceed \$100,000)	\$0 to (Could Exceed \$100,000)
Total Estimated Net Effect on General Revenue Fund	\$0 to (Could Exceed \$100,000)	\$0 to (Could Exceed \$100,000)	\$0 to (Could Exceed \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Various	\$0 to (Could Exceed \$100,000)	\$0 to (Could Exceed \$100,000)	\$0 to (Could Exceed \$100,000)
Total Estimated Net Effect on Other State Funds	\$0 to (Could Exceed \$100,000)	\$0 to (Could Exceed \$100,000)	\$0 to (Could Exceed \$100,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Various	\$0 to (Could Exceed \$100,000)	\$0 to (Could Exceed \$100,000)	\$0 to (Could Exceed \$100,000)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0 to (Could Exceed \$100,000)	\$0 to (Could Exceed \$100,000)	\$0 to (Could Exceed \$100,000)

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety – Adjutant General/Missouri National Guard** state they do not anticipate any significant direct fiscal or operational impact on their programs.

Officials from the **Department of Labor and Industrial Relations (DOL)** state they had five employees who used military leave last year. DOL notes they do not know how much these employees earn in the National Guard. DOL assumes the unknown amount would be small and there would be no significant impact to the department.

Officials from the **Department of Transportation (DHT)** assume the proposal would result in unknown cost to the Highway Fund. DHT states they cannot estimate the amount of fiscal impact because they do not have privilege to military wages for DHT employees. DHT also notes the fiscal impact on their agency may increase if temporary employees are necessary to complete the duties of the employee that is on military duty.

Oversight inquired of DHT about the number of employees in the military and learned DHT has 56 employees in military service. **Oversight** assumes costs could exceed \$100,000 in any given year.

ASSUMPTION (continued)

Officials from the **Department of Conservation (MDC)** assume the proposal could have fiscal impact on MDC funds. MDC states the amount of impact is unknown because of unknown factors including pay rates for military service and the number of employees that might be called to military service. MDC assumes the impact could, but is not likely, to exceed \$100,000 annually.

Oversight assumes the fiscal impact could exceed \$100,000 in any given year.

Officials from the **Office of Administration – Division of Personnel (COA)** note there are several unknown variables which make providing an accurate estimate of the cost of the proposal difficult. COA states the unknown variables are: the number of employees that could be called to military service; the length of military call-ups; the "gross pay and allowances" provided to national guard and reserve members (which can fluctuate based on their assignments, e.g. war zone or hazardous duty pay). Using statistics, COA estimates the proposal could result in costs approximately \$435,000 annually. COA assumes 250 state employees would exceed the 120 hours of paid military leave provided by the state. COA assumes an average state employee salary of \$28,000 per year and an average military salary of \$25,000 per year. COA assumes a one-year length of military service and 18.26% for fringe benefits. COA calculates the cost by subtracting 15 days pay from the difference between the state salary and the military salary and then multiplied that amount by 250 employees and then added fringe benefits to arrive at \$409,475 annually $[(\$3,000 - \$1,615) \times 250 \times 1.1826]$. COA reiterates this estimate could be high or low depending upon unknown variables. COA estimates costs to be \$349,760 in FY 2004; \$430,205 in FY 2005; and \$440,960 in FY 2006. COA states they cannot determine the impact upon General Revenue, federal or other funds.

Oversight obtained a spreadsheet, prepared by Budget and Planning, which shows the percentage of FY 2003 Personal Service charged to General Revenue and Federal and Other Funds. According to this spreadsheet, 51.9% of personal service costs are charged to General Revenue and 48.1% are charged to Federal and Other funds. For purposes of this fiscal note, using COA's estimate, **Oversight** assumes costs to General Revenue, Other State Funds and Federal Funds could exceed \$100,000 in any given fiscal year. **Oversight** notes this assumption includes costs to the Highway Fund and Conservation Commission.

Oversight assumes the cost to local government to be zero to negative unknown.

FISCAL IMPACT - State Government

FY 2004
 (10 Mo.)

FY 2005

FY 2006

GENERAL REVENUE

Costs – Various State Agencies

Increased Personnel Costs

\$0 to
(Could Exceed
\$100,000)

\$0 to
(Could Exceed
\$100,000)

\$0 to
(Could Exceed
\$100,000)

VARIOUS OTHER STATE FUNDS

Costs – Various State Agencies

Increased Personnel Costs

\$0 to
(Could Exceed
\$100,000)

\$0 to
(Could Exceed
\$100,000)

\$0 to
(Could Exceed
\$100,000)

FEDERAL FUNDS

Costs – Various State Agencies

Increased Personnel Costs

\$0 to
(Could Exceed
\$100,000)

\$0 to
(Could Exceed
\$100,000)

\$0 to
(Could Exceed
\$100,000)

FISCAL IMPACT - Local Government

FY 2004
 (10 Mo.)

FY 2005

FY 2006

VARIOUS LOCAL FUNDS

Costs – Increased Personnel Costs

\$0 to
(Unknown)

\$0 to
(Unknown)

\$0 to
(Unknown)

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

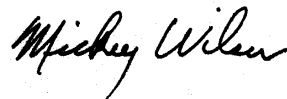
DESCRIPTION

This proposal requires that all public employees who engage in the authorized performance of United States military service for more than 15 days receive the difference between the employee's regular gross wage and the sum of the employee's gross pay as a member of the National Guard or any reserve component of the armed forces of the United States and allowances received that month for their service. If the employee's monthly gross pay and allowances as a member of the National Guard or any reserve component of the armed forces of the United States exceeds the employee's regular gross monthly wage, the employee will not receive a payment.

This proposal is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration – Division of Personnel
Department of Public Safety – Missouri National Guard
Department of Conservation
Department of Transportation
Department of Labor and Industrial Relations



Mickey Wilson, CPA
Director

February 10, 2003